GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1797
ANSWERED ON:11.12.2008
CREDIT LIMIT FOR AIRLINES
Angadi Shri Suresh Chanabasappa

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether some airlines operating in the country owe a sizeable amount to public sector oil companies on account of fuelbill;

(b) if so, the details thereof;

(c) the credit limit extended to each airlines by the Union Government;

(d) the details of airlines which have exceeded the credit limit;

(e) the reasons for not forcing these defaulting companies either to make the payment or get the necessary aviation fuel on upfront payment; and

(f) the decisions taken by the Union Government after a meeting with the Jet Airways' Chairman?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS(SHRI DINSHA PATEL)

(a)&(b): Yes, Sir. As on 21st October 2008, the domestic airlines, viz., NACIL(Air India, Indian Airlines, Air India Express and Alliance), Kingfisher Airlines Limited and Jet Airways collectively owed approximately Rs.2926 crore to the Public SectorOil Marketing Companies (OMCs) namely, Indian Oil Corporation (IOC), Bharat Petroleum Corporation (BPC) and Hindustan Petroleum Corporation (HPC) on account of purchase of Aviation Turbine Fuel (ATF).

(c) to (f): An inter-ministerial meeting was held in the Ministry of Petroleum & Natural Gas on 22.10.2008, in which the officials of the Ministry of Civil Aviation, Ministry of Finance, OMCs and representatives of the domestic airlines etc. were present. The adverse financial position of the civil aviation sector was discussed and the following was decided :

(i) in order to enable the domestic airlines to clear their dues, the airlines would be allowed to clear their outstanding dues in six equated monthly instalments, latest by 31-3-2009;

(ii) as regards the current dues, the payment schedule was enhanced from 60 days to 90 days;

(iii) these facilities would stand withdrawn with effect from 1.4.2009 and the normal terms and conditions governing sale/purchase of ATF between OMCs and the airlines would be resumed; and

(iv) the price of ATF will be revised on a fortnightly basis instead of the existing monthly basis.

The credit terms were liberalised as all the major domestic airlines, viz., NACIL, Kingfisher Airlines Limited and Jet Airways had exceeded their credit limits and the said measures were found necessary to enable the domestic airlines to pay their dues, in view of their difficult financial position.